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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000579

SIPDIS

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TAGS: [PBTS](#) [PHSA](#) [PREL](#) [PGOV](#) [ECON](#) [CH](#) [TW](#) [XC](#)
SUBJECT: PRC: COW'S TONGUE CLAIM NOT LICKED, DESPITE
OBJECTIONS FROM THE PHILIPPINES AND VIETNAM

REF: A. MANILA 428
[1](#)B. 08 BEIJING 924
[1](#)C. 08 BEIJING 3499
[1](#)D. HANOI 52

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

Summary

[1](#)1. (C) China expects the South China Sea (SCS) sovereignty dispute arising from a maritime baselines bill recently passed in the Philippines Congress will not ratchet up tension in the region and will not affect China's SCS claim, according to an MFA official. China will continue its "shelve differences, mutual development" approach in the SCS. Pointing to two U.S. oil companies China has approached to cease their Vietnam-based activities, the MFA official urged the United States to encourage U.S. companies not to conduct business in disputed areas. Philippines Embassy contacts expressed concern that Chinese protests on the Philippines' baselines bill represent a hardening of China's position on the SCS. Vietnam Embassy contacts said China's pressure on U.S. oil firms working in Vietnam demonstrates a "dangerous direction" in China's approach to the SCS. Both the Philippines and Vietnam Embassy contacts expressed concern that developing U.S.-China ties could lead to U.S. acquiescence to Chinese naval dominance in the SCS. End Summary.

[1](#)2. (C) MFA Asian Affairs Department Policy Planning Division Deputy Director Yin Haihong told PolOff March 3 that China had protested recent actions by the Philippines' Congress to claim sovereignty over Scarborough Shoal and the Spratly Islands, a move related to the Philippines' submission of baseline claims to the Commission on the Limits of the Continental Shelf (CLCS) prior to the May 13 UN Convention on the Law of the Sea (UNCLOS) deadline. Deputy Director Yin said China believed the UNCLOS articles on determining extended continental shelf claims prohibit states from submitting claims on territory under dispute.

Philippines' Action Will Not Affect Cow's Tongue

[1](#)3. (C) Noting no change in China's "indisputable" claims in the South China Sea (outlined by the "Nine-Dash Line" or "Cow's Tongue," refs B and C), Deputy Director Yin suggested that China's protest to the Philippines and the likely rejection by the CLCS of the Philippines' "invalid claim" would help resolve the issue to China's satisfaction. "No increased tension" in the region would result from the current dispute, she predicted. She said China would continue its "shelve differences, mutual development" approach in the SCS. Asked whether China planned to make a submission to CLCS, MFA Treaty and Law Department Oceans and Law of the Sea Division Director Yang Li told PolOff March 4

that China was "studying" the CLCS submission issue.

¶4. (C) Touching on fishing area disputes in the SCS, Deputy Director Yin said fishing boat seizures among the claimant countries occurred regularly "but not often" because of the understandable difficulty fishermen face in identifying maritime boundaries at sea. She said local authorities usually resolved these incidents without assistance from the central government. On the possibility of extending China-Vietnam coordinated naval patrol arrangements in the Gulf of Tonkin, Deputy Director Yin said such a move was possible, but the two sides had held no serious discussions on the topic to date.

DOC: A Positive Influence in the SCS

¶5. (C) While affirming that China preferred to address SCS issues bilaterally, Deputy Director Yin noted that the 2002 ASEAN-China Declaration on the Conduct (DOC) of Parties in the South China Sea had helped keep tensions down in the region. She said China and ASEAN members had held preliminary talks on follow-up to the DOC, though she did not confirm whether China was seeking a stronger agreement.

MFA: Two U.S. Oil Companies Should Stop VN Activity

¶6. (C) Deputy Director Yin again raised the case of two Texas-based oil exploration companies, Hunt Oil (ref B) and another unidentified company (note: possibly Pogo Producing Company). She said though the Chinese government had

BEIJING 00000579 002 OF 003

approached the two companies through the Chinese Consulate General in Houston, to date, China had been unable to confirm whether the two companies had ceased petrochemical exploration activities. Deputy Director Yin asked for U.S. assistance in encouraging U.S. oil companies not to become get involved in areas under dispute. PolOff affirmed that while the United States took no position on competing territorial claims and encouraged the parties involved to resolve these issues peacefully, the United States opposed pressure on U.S. firms seeking to conduct legitimate business activities in the SCS.

Philippines: Feeling Pressure from China

¶7. (C) Philippines Embassy Minister Maria Hellen M. Barber (strictly protect) told PolMinCouns February 25 that PRC official protests against the Philippines' baseline bill had raised concerns that China was hardening its policy on the South China Sea. "We had never been nudged before like that," Barber said, noting that in a February 18 summons meeting, VFM Wang Guangya reiterated the PRC position on the South China Sea, rejecting any Philippines' claim to the Spratly Islands and Scarborough Shoal (in Chinese, Nansha Islands and Huangyan Island, respectively), requesting that the Philippines government take action to prevent enactment of the legislation, and reserving "the right of China to take action."

¶8. (C) Barber explained that in enacting the recent legislation (currently pending presidential signature), the Philippines had taken into account the sensitivities of neighboring countries, the UNCLOS deadline and the DOC. More specifically, as a concession to PRC concerns, the bill defined the Spratly Islands as a "regime of islands" separate from the Philippines archipelago, and the Philippines had decided not to define baselines in that territory (though it reserved the right to do so later). Barber said that Scarborough Shoal fell within the Philippines' Exclusive Economic Zone and effectively was under the control of the Philippines, adding that in the past Scarborough Shoal had been regularly used for target practice by both the U.S. and

Philippines militaries operating out of Subic Bay.

¶9. (C) Barber said the Philippines legislative action was "technical" in nature and did not represent a change in the Philippines' position on the South China Sea, adding that the Philippines government had no plans to "fortify" any of the islands it claimed. Given that the Philippines believed it had already made concessions to China on this issue, Barber said, President Arroyo would likely sign the bill despite PRC protestations.

Vietnam: PRC Claims Still Unacceptable

¶10. (C) Embassy of Vietnam Political Counselor Dang Minh Khoi (strictly protect) predicted to PolOff March 3 that Vietnam would likely make a CLCS submission before the May 13 deadline, though he added that the Vietnamese Embassy in Beijing had not been included in internal GVN discussions of the issue. He predicted Chinese opposition to a Vietnamese continental shelf claim, saying that in 2007-2008, PLA Navy vessels had harassed Russian and Norwegian vessels contracted by the GVN to explore Vietnam's continental shelf for the purposes of the CLCS submission.

¶11. (C) Khoi reiterated Vietnam's view that China's "Cow's Tongue" claim was "unacceptable" and that China should respect UNCLOS and the DOC. In contrast to MFA Yin's positive assessment of the situation in the SCS, Khoi said China had embarked on "a dangerous direction" in the South China Sea, citing recent instances of pressure on U.S. companies to halt hydrocarbon exploration activities in Vietnam (ref D). Though senior leaders from both sides understood the sensitive nature of the SCS issue and sought to resolve emerging conflicts peacefully, "a big difference" existed between the two countries over their respective SCS claims. Vietnam was "determined to protect its territory," including claims to the continental shelf made under UNCLOS, Khoi said. Addressing the SCS issue properly was key to the success of the China-Vietnam bilateral relationship, he added.

Division of Labor between PRC and U.S. in SCS?

¶12. (C) Separately, both Barber and Khoi asked whether the SCS was on the agenda of the February 27-28 U.S.-China Defense Policy Coordination Talks (DPCTs) and expressed

BEIJING 00000579 003 OF 003

concern that under the pretext of making China "an equal partner," the United States would acquiesce to a PRC assertion of primacy in the South China Sea. Khoi said that Vietnam was watching U.S. reactions to the current dispute between China and Japan over the Senkaku islands, underscoring that the manner in which the dispute was resolved would have implications for Chinese behavior in the SCS.

¶13. (C) PolMinCouns told Barber, and PolOff separately repeated to Khoi, that the U.S. position on the SCS had not changed: the United States does not take a position on the various claims of sovereignty or jurisdiction in the South China Sea, urges claimants to solve differences peacefully and maintains a strong interest in freedom of navigation.
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